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ANNUAL REPORT
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PROVINCIAL CAPITAL COMMISSION

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PROVINCIAL CAPITAL COMMISSION
ANNUAL REPORT MARCH 31 2004 | A Year of Transition

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PROVINCIAL CAPITAL COMMISSION
ANNUAL REPORT MARCH 31 2004 | A Year of Transition

ORGANIZATIONAL OVERVIEW

The Provincial Capital Commission (PCC) is a Crown Agency which was created in 1956. Under the *Capital Commission Act* (RSBC 1996, Chapter 43) the PCC is required to act in the public's interest with regard to real properties and beautification throughout the Capital Improvement District. The PCC is responsible for the stewardship of the public's assets on behalf of all British Columbians and for ensuring the relevance of the capital for citizens of the province. In 2003 government revised and expanded the mandate of the Provincial Capital Commission to connect British Columbians to their capital. This past year has continued to be one of transition as the PCC moves towards its ultimate objective of focusing more of its activities on outreach strategies and less on its real estate holdings.

Vision and Mission

The PCC's new vision is to connect and celebrate the Capital with every British Columbian, and from this the PCC has expanded its mission to:

> Implement programs that will provide British Columbians with a sense of ownership and pride in the special character of their Capital and the province it represents.
>
> Contribute to the Capital reflecting the history and culture of the Province.
>
> Be a self-sustaining Crown agency.

Values

The PCC is guided by the following values and principles:

> Act with integrity by operating with openness, fairness and transparency.
>
> Be respectful, inclusive and accessible.
>
> Think, plan and act long term.
>
> Be socially responsible in everything done by promoting long-term financial and economic sustainability, a healthy environment and well-being of all citizens.

Balance the needs of the Capital and the province wide mandate.

Recognize and support the diversity of British Columbia's cultures, landscapes and history.

Manage the balance between heritage properties and the overall mandate.

These values and principles guide the Board and PCC staff in the creation, approval, implementation and evaluation of all PCC strategies and programs in serving the best interests of all British Columbians.

Mandate

The expanded mandate of the PCC has necessitated the creation of outreach strategies and programs designed to connect and celebrate the Capital with the citizens of the province. The outreach programs are in their formative stage and will seek to accomplish stated goals through plans and programs to reach audiences and promote the Capital through such initiatives as student visits to the Capital. Partners in this venture will include such organizations as local governments across the province, tourism associations and the Boy Scout/Girl Guide organization. Effective communication is instrumental to connecting with the citizens and work has begun on a comprehensive communications plan focusing on outreach.

Property, building and asset management is the other major activity of the PCC. The PCC operates within the statutory context of protecting and preserving heritage properties and beautifying the Capital. The PCC is engaged in several activities associated with its property holdings including: detailed property portfolio review, negotiation and management of leases on its properties, development and restoration of properties as well as early stage planning for the possible transfer or sale of properties that are not aligned with the mandate.

MESSAGE FROM THE CHAIR TO THE MINISTER

To Honourable Murray Coell
Minister of Community, Aboriginal and Women's Services

Dear Minister:

This has been a year of significant transition for the Provincial Capital Commission (PCC) as it has moved forward to realize its new expanded mandate to connect and celebrate the Capital with all British Columbians. The Board of Directors is pleased to inform you of our deliberations, efforts and accomplishments for the fiscal year ending March 31, 2004.

The PCC has concentrated on establishing the foundation for its new role while continuing the prudent and sound fiscal management of its public assets. The outcomes have included the creation of the outreach Program as a new core line of business. We have put an emphasis on strategies to maximize opportunities for all PCC properties and we have formed new partnerships and established new practices to advance our business interests.

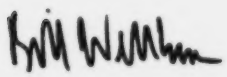
A key development was the decision to exit the management and operations of a major attraction at the heritage Crystal Garden in order to stem years of financial losses to the PCC and to make the space available to the public through a Request for Proposal process. The Greenways program has matured and the PCC is winding down its financial support and moving to an advocacy role. The Commission has become one of the major forces working in partnership to implement a development framework for the Capital's Inner Harbour that holds great opportunity for realizing the potential of several under-utilized PCC properties around the harbour.

A planning framework has been put in place and the PCC now has strategic and performance plans to define our mission and guide our endeavours. It is only in the final quarter of this year that we have been operating within this strategic performance and accountability context and therefore are concentrating on establishing the baselines that will be used to measure our future performance.

In keeping with the PCC's commitment to the Shareholder, the Commission has made significant progress in moving towards a goal based accountability framework that sets the foundation for both the Shareholder and all Stakeholders to monitor our achievement. In this regard we will be reporting to government during the 2004/05 year on the proposed action plans to advance the mission.

The public profile of the PCC has been raised due to the high degree of interest sparked by decisions that have been made. Close scrutiny of our processes and performance has led us to ensure that there is effective communication with the public with regard to our mandate and that requirements for transparency are met. It is anticipated that this scrutiny will continue and that the PCC can expect to be held publicly accountable for its decisions and performance.

The Provincial Capital Commission remains committed to playing an increasingly important role in the lives of the citizens of the province and to ensuring that it benefits all British Columbians.

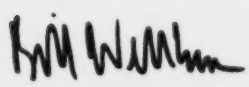


Bill Wellburn, CA
Chair

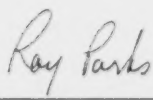
ACCOUNTABILITY STATEMENT

This Annual Report was prepared in accordance with the *Budget Transparency and Accountability Act.*

We are accountable for the contents of the report including its intentions, measures and results. The report has been prepared with consideration to significant decisions, events and identified risk during the fiscal year ending March 31, 2004.



Bill Wellburn CA
Chair, on behalf of the Board



Ray Parks
Chief Executive Officer

THE YEAR IN REVIEW

This has been a year of significant change for the PCC in many regards. The expanded mandate as directed by government and ratified by the Board set the stage for redefining the mission and vision, making key business decisions and reorganizing the management structure and operations.

The PCC Board concentrated on the development of a Strategic Plan beginning with Board planning sessions to review the vision, mission, values and transitional goals. Following a nationwide search, a new CEO was selected and the PCC's organizational structure was revised.

Major programming decisions were made that have resulted in the closure notification of a long-standing attraction at the Crystal Garden and the winding down of Greenways program funding, while a new outreach Program concept has been formed. A property review has been carried out to indicate where financial benefits can be derived from the PCC's real estate assets. These actions were prompted by the desire to focus the programs and resources of the PCC in a manner more consistent with the mandate and to strengthen its financial position to ensure it remains a self-sustaining organization.

The PCC has formed partnerships and strategic alliances with other agencies to share costs and advance the public's interests. The creation *of Amazing Possibilities! A Vision for the Inner Harbour* is a partnership outcome and has resulted in the PCC, the City of Victoria, the Greater Victoria Harbour Authority and First Nations working together with a stated goal of bringing forward a development framework for the Capital's Inner Harbour.

Although the monetary position of the PCC remains strong, there has been a need to dedicate financial resources in this transition year to set the foundation for the new direction and a number of one-time expenditures have been incurred.

The Commission is positioned to report to government during the coming fiscal year on its performance with respect to action plans to advance its mission including an assessment of its major property holdings thereby fulfilling a commitment made to the shareholder.

REPORT ON PERFORMANCE

2003/04 marked the entry of the PCC into the level of strategic and operational planning expected of Crown agencies. We are in the formative stages of development and have therefore focused attention on setting transitional goals and objectives, defining performance and attempting to establish the baseline for future measurement. The goals have been changed from those documented in the 2003/04 Service Plan to be more reflective of the PCC's current direction.

Strategic Goals, Objectives, Strategies and Performance Measures

General

1. Develop and deliver effective and economical outreach programs.
2. Implement an effective communications plan.
3. Formulate and implement Board Policy.
4. Maximize opportunities for all PCC properties.
5. Implement an enterprise-wide risk management regime.
6. Build and sustain strategic alliances and partnerships to advance the PCC mandate.
7. Ensure sufficient resources to sustain PCC activities.

Specific Objectives for 2003/04 (Fourth Quarter)

1. Review all properties and programs, including open spaces.
2. Approve and commence implementation of a Communications Plan.
3. Play a key role in plans for development of the Inner Harbour
4. Review structure of the Board.

Consistent with our current stage of Strategic Plan development, this Annual Report's Performance section concentrates on activities and accomplishments during the fourth quarter of the year, with the intention of establishing targets and comparative performance measures during the coming year.

Goal 1: Develop and Deliver Effective and Economical Outreach Programs

Both traditional and new innovative programs that embrace British Columbians are fundamental to our mission. The outreach program is considered to be of critical importance in connecting the citizens of the province to their Capital, as well as in building and sustaining value, ownership and pride in the region. The PCC wishes to ensure that all British Columbians can identify with their Capital.

Objectives:

Identify audiences of interest and agents to assist in outreach, such as MLA's, local governments, regional museums/galleries, and tourism associations by establishing contacts and confirming commitments.

Develop and implement plans and programs to reach audiences and market the PCC through such initiatives as student visits to the capital.

Assess the impact and cost/benefits of outreach strategies and redesign or refine the products and processes accordingly by undertaking cost benefit studies and success surveys.

Strategy:

Design and implement a series of outreach programs to connect the citizens from across the province to their capital

Performance:

Successful performance in outreach strategies will be determined by the numbers of organizations and citizens that respond to or participate in the various outreach programs as well as by evaluating the impact for money spent on outreach programs.

Performance Measures	Base	2004/05	2005/06	2006/07
Number of participating organizations	83	3% increase from previous year	2% increase from previous year	2% increase from previous year
Number of participating citizens	0	5% of BC population	(note 1)	(note 1)
Cost/benefit analysis (Money spent/ participation rate)	0	baseline established	(note 1)	(note 1)

[1] measuring incremental positive change against baseline on a yearly basis

source: *PCC Service Plan 2004/5-2006/7* page 6

Performance Report: Goal 1

The Commission is in the preliminary stage of researching and developing various outreach programs and strategies.

Significant accomplishments to date include:

Confirmation of an agreement with the Boy Scouts and Girl Guides to mount a program and create a badge representing achievements in learning about the Capital.

Early discussions with the BC 4-H organization to create a program for rural youth.

A partnership commitment negotiated with the Victoria Symphony Orchestra to offer a BC Day celebration showcasing musical talent from across the province.

With reference to performance measures, through these ventures, we have been able to increase the number of participating organizations by 3 representing a 4 % increase accomplished during the fourth quarter of the year.

Our continuing success in this area will be impacted by our ability during the next two years to ensure programs are effective in reaching out to the citizens of the province and connecting them to their Capital.

Goal 2: Implement an Effective Communications Plan

An essential element of achieving the goal for all British Columbia residents to take pride in their provincial capital is the design and implementation of an effective communications plan. This plan will be the main vehicle for informing citizens and partners though establishing the identity, confirming the mandate and identifying the programs of the PCC.

Objectives:

Develop a comprehensive communications plan for the PCC that includes: a new logo, web page, strategies for outreach and public announcements.

Identify partners to assist with implementation of the communications plan and confirm their commitments.

Pilot test communications outreach strategies.

Implement the full-scale communications plan.

Strategy:

Approve and commence implementation of a comprehensive communications plan.

Performance:

Success in implementation of an effective communications plan will be determined by various means including the extent to which the target audiences are aware of the PCC and its mandate and are able to relate this knowledge to themselves or their communities. As well, the PCC will be able to assess the desired elevation of their profile through a number of appropriate requests for information and the ease with which the PCC is able to negotiate agreements and facilitate relationships with partners.

Performance Measures	Base	2004/05	2005/06	2006/07
Level of awareness and relevance of the P.C.C.	1	(note 1)	(note 1)	(note 1)
Number of web site hits	20k/month	5% increase	10% increase	15% increase
Number of requests for information	baseline being established	(note 1)	(note 1)	(note 1)
Strategic partner alliances (outreach program delivery)	0	1	2	3

[1] measuring incremental positive change against baseline on a yearly basis

source: *PCC Service Plan 2004/5-2006/7* page 7

Performance Report: Goal 2

The high degree of public interest and engagement with the citizens of the Capital Region consequent to the announcement concerning closing of the attraction at the Crystal Garden has dramatically accentuated the critical aspect of this goal. Thus communications became a dominant area of activity during the latter part of the year.

Significant accomplishments:

The Commission has retained the services of a communications firm selected from government's pre-qualified company firm list to provide the specific needed expertise.

A new communications plan including a revamped logo, strategies for outreach including public service announcements have been approved.

The Board and CEO have been actively engaged in informing the public of the Commission's new mandate.

Performance measures have been significantly impacted by developments. The level of awareness and relevance of the PCC has been a continuing public topic. Frequent reference in the media has brought greatly increased attendance of individuals and groups at meetings and in public forums. The number of web site hits has increased and requests for information have been unprecedented.

The Directors are committed to ensuring a fair, open and transparent process that provides for citizen information and input while at the same time enabling the PCC to conduct its business and fulfill its mandate.

Goal 3: Formulate and Implement Board Policy

It is the objective of the Board to continue to shift away from an operating role to a policy role. This will permit the Board to focus on oversight responsibilities and engage with management in planning and policy development.

Objectives:

Review current Board policies with the purpose of: confirming existing policies, identifying those that require elimination or modification, identifying new areas where policy direction is needed by implementing a policy review process

Develop and confirm approval of a policy and regulatory framework and format through research of various modes and preparation of a policy structure for the PCC.

Ensure that policy discussion, review and ratification are standing agenda items for the Board.

Prepare and present an annual report on policy implementation and compliance.

Strategies:

Undertake development and implement Board Policy reforms.

Demonstrate movement towards the policy function as the dominant governance role of the Board.

Performance:

Performance in the area of policy development and implementation will be assessed by the number of policies that are brought before the Board, the number that are approved for implementation and the relative degree of success of the policy in directing and facilitating the operations of the PCC.

Performance Measures	Base	2004/05	2005/06	2006/07
Comprehensive policy framework in place with 100% of Board Agenda including a policy item	in place	maintained	maintained	maintained
Number of presentations on policy related issues	0	1	1	1
Number of presentations to the Board on each policy item prior to approval	baseline	2	2	2
Numbers of policies issues approved that are implemented	6	10	5	2

source: *PCC Service Plan 2004/5-2006/7* page 8

Performance Report: Goal 3

The Board's intention to focus attention on policy and planning matters was greatly advanced during the year.

Significant accomplishments:

A comprehensive policy framework is currently under development

Board Agenda items focus on policy issues.

A Policy/Programs Analyst position was created to provide critical policy research and development support for the Board.

Policy development and implementation will continue to be an area for further work during the coming year as policy needs are defined and approved by the Board with respect to the framework.

Goal 4: Maximize Opportunities for all PCC Properties

In order to achieve the goal of a self-sustaining Corporation it is critical to ensure that buildings and properties held in the public trust by the PCC are dealt with in a manner that aligns with the mandate, values and guiding principles of the PCC.

Objectives:

Establish criteria to be used in assessing the opportunity potential for various types of properties held by the PCC by researching and synthesizing critical factors.

Review the inventory of buildings and properties to identify those which are meeting expectations for revenue generation and opportunity potential, those where changes are required to meet expectations and those which should be considered for divestiture.

Develop plans for sustaining performing properties and for remediation or changes to properties required to enhance their revenue or opportunity potential while recognizing their heritage significance.

Strategies:

Develop a plan for each PCC property.

Decide on future of properties including; the Crystal Garden and 613 Pandora Avenue.

Decide on future programming at St. Ann's Academy.

Decide on future of PCC's open space properties.

Lease upper floors of the CP Terminal Building.

Implement plans for future of Crystal Garden and new programs for St. Ann's Academy.

Issue RFP for the Inner Harbour Master Plan.

Conclude and implement agreement between Greater Victoria Harbour Authority and the PCC for construction of the new International Ferry Terminal.

Commence divestiture program for designated properties.

Performance:

Performance in this area will be measured by monitoring the extent to which each individual property is generating revenue relative to historical performance and in comparison with accepted measures such as revenue per square metre. As well a list of new ideas to derive additional opportunities will be developed for each property and will be reviewed twice a year.

Performance Measure	Base	2004/05 Target	2005/06 Target	2006/07 Target
Net revenue growth per type of property	$1.4 M	3% increase	5% increase	(note 1)
Ideas implemented that result in value improvement	0	3 ideas	5 ideas	(note 1)

[1]measuring incremental positive change against baseline on a yearly basis

source: *PCC Service Plan 2004/5-2006/7* page 9

Performance Report: Goal 4

The PCC is well positioned in this area due to the desirability of its properties and the strong growth in real estate values and increasing commercial interests. Several initiatives have begun to ensure that a path is set and progress is being made for identifying and considering opportunities within the context of our values and guiding principles.

Significant accomplishments:

Review of income generating and expense generating properties together with recommendations to the Board of Directors.

Completion of an initial assessment of all open space properties.

Structural assessment for the Crystal Garden, advertising of a Request for Proposals (RFP) for the main body of the facility, structuring of a RFP Review Committee composed of Board Executive Committee members and community representatives to review proposals and make recommendations to the Board.

Implementation of a marketing initiative for the upper floors of the CP Terminal building.

Development of a restoration plan and RFP for the heritage Stores building located at the west end of the Belleville Terminal.

The PCC has extensive experience and a sound record in property management. Business opportunities are being pursued that are consistent with our mandate. Net revenue growth in the coming year is expected as a direct result of the plans approved by the Board during

the year. The PCC's long-term plan is to retain the heritage property portfolio to ensure future revenue sources, protect view corridors and environmentally sensitive areas in perpetuity through covenants and strategic divestitures of open space properties, and to realize on identified opportunities through partnerships or carefully structured divestitures.

Goal 5: Implement an Enterprise-Wide Risk Management Regime

As a responsible organization the PCC is instituting a comprehensive, enterprise-wide risk management regime inclusive of systems, structures, properties, and buildings. For buildings and properties it is essential that safety and soundness standards, including seismic upgrades, are met. It is further recognized that there may well be substantial costs associated with these concerns, particularly with consideration to the heritage designation of many buildings; therefore a yearly staged plan for upgrading of buildings and properties will be developed according to priorities approved by the Board.

Objectives:

Develop an inventory of all buildings and properties that meet safety and soundness standards and those that require modifications or upgrades through implementation of property studies by qualified personnel.

Prepare upgrade plans for each building or property held by the PCC.

Recommend criteria to be used in establishing priorities for development and upgrades by undertaking research and securing Board approval.

Prepare a three-year plan for overall upgrade work with respect to the criteria, including associated costs.

Identify potential partners or additional funding sources to assist with work or share costs and confirm their participation by conducting research and entering into potential cost sharing discussions with partners.

Identify issues and develop plans to eliminate or minimize risks that could result in loss of value or revenue to the PCC through implementation of a comprehensive risk management plan.

Strategies:

Complete an enterprise-wide risk assessment review for aspects of the Commission's operations including developing priorities for review and implementation of seismic, safety and building upgrades

Implement results of safety and seismic review of PCC owned buildings and properties

Performance:

Performance in meeting this objective will be determined by: establishing safety and soundness plans for each building or property, monitoring the number of properties up-graded each year and the success in meeting the upgrade schedule according to approved priorities in an on-time, within estimated cost basis.

Performance Measure	Base	2004/05 Target	2005/06 Target	2006/07 Target
Risk Management Plan Developed and approved by Board	initiated	risk plan in place	(note 2)	(note 2)
Number of Risks identified	initiated	(note 2)	(note 2)	(note 2)
Safety and Soundness studies completed	4 (note 1)	continue phased implementation of seismic upgrade	(note 2)	(note 2)
Property Plans completed	in progress	(note 2)	(note 2)	(note 2)
Number of Properties reviewed	72	(note 2)	(note 2)	(note 2)
Percentage of projects on time/on budget	0	2% increase	(note 2)	(note 2)

[1] structural and seismic upgrade studies currently being undertaken
[2] measuring incremental positive change against baseline on a yearly basis

source: *PCC Service Plan 2004/5-2006/7* page 11

Performance Report: Goal 5

Development of a comprehensive risk management program plan was initiated.

Significant accomplishments:

A government approved risk management consultant has been retained to conduct an enterprise-wide risk management survey with recommendations for the Board.

Structural assessments have been completed for the Crystal Garden, 812 Wharf Street, and the CP Terminal buildings.

The PCC faces many challenges with respect to risk management due to the heritage character of many of its buildings where public safety and upgrade requirements become serious considerations. There are significant cost implications associated with bringing buildings to an acceptable level of upgrade. Risk management will remain an issue of on-going attention and oversight.

Goal 6: Build and Sustain Strategic Alliances and Partnerships to Advance the PCC Mandate

The PCC operates within a complex environment that includes other parties with mandated responsibilities, visions and interests including: municipalities, other government departments, public agencies such as the Greater Victoria Harbour Authority and the private sector. Effectiveness and efficiency can be greatly enhanced and the public's interests protected and promoted through the development and maintenance of partnerships and strategic alliances with other players that can advance the goal of a self-sustaining crown corporation.

Objectives:

Complete a detailed inventory of all existing or potential partners that should be considered with regard to the PCC's property holdings, plans and programs. The inventory should be supported by comprehensive information concerning their mandate, interests and strategic plans with the view of renewing or establishing relationships to build cooperation and strategic alliances by end of 2004/05 year.

Develop plans for engagement of partners in development by engaging in discussions that lead to their support and/or participation.

Ensure the PCC's interests are considered in developments and future plans of partner organizations by advising partners of the Commission's interests and securing a voice in their discussions and decision making process.

Establish a mechanism for establishing, monitoring and assessing the PCC's effectiveness in building and operationalizing strategic alliances by determining the frequency and nature of discussions and the outcomes as related to the Commission's interests.

Strategies:

Complete and implement a strategic partnerships alliance plan

Develop a PCC strategy relating to the 2010 Winter Olympics

Performance:

The PCC's accomplishments in this area will be determined by the extent to which the Board members and staff are involved in partnership-related activities such as working on joint plans and ventures, consultation by other interested parties and success in having the PCC's interests considered, costs and program shared responsibilities with other parties.

Performance Measures	Base	2004/05 Target	2005/06 Target	2006/07 Target
Partnership plans completed	1	4	1	(note 1)
Number of partnership projects engaged in as a percentage of the partners that were approached	0	1	(note 1)	(note 1)
Number of new cooperative ventures	0	1	(note 1)	(note 1)
Total value of strategic project alliances as percentage of project budgets.	0	30%	(note 1)	(note 1)

Measuring incremental positive change against baseline on a yearly basis

source: *PCC Service Plan 2004/5-2006/7* page 12

Performance Report: Goal 6

The PCC has been actively engaged in the initiation and development of partnerships and strategic alliances. Through this cooperative work the foundation has been established for joint ventures that can bring substantial benefits to the Capital.

Significant accomplishments:

A partnership with the Greater Victoria Harbour Authority, First Nations and the City of Victoria has been developed for the Inner Harbour; a report on the vision for the harbour called *Amazing Possibilities!* has been produced.

Discussions have been held with Royal British Columbia Museum to explore possibilities for cooperative ventures.

A partnership has been formed with the Victoria Symphony Orchestra to expand their successful summer Symphony Splash event into a full day BC Day celebration of the Capital to showcase British Columbia talent and provide an opportunity for British Columbians to celebrate their Capital.

The PCC is committed to the formation of partnerships and strategic alliances. We intend to investigate and pursue relationships whenever possible. We are pleased to report initial success in the formation of partnership alliances concerning visioning sessions for the Inner Harbour and for downtown Victoria. It is our intention to continue lending our voice, showing leadership and sharing efforts and costs to achieve outcomes that bring value to the Capital.

Goal 7: Ensure Sufficient Resources to Sustain PCC Activities

Achieving the mission of the PCC fundamentally depends upon acquiring and appropriately allocating sufficient resources to carry out the tasks associated with meeting objectives and in satisfying day-to-day operational requirements. Resources include financial, personnel, systems and facilities necessary to fund and support the staff and Board members who carry out various roles and assume various responsibilities.

Objectives:

Identify resources required to accomplish strategic objectives and satisfy program operational needs

Develop and implement a comprehensive resource management plan that aligns and focuses human and financial resources with respect to PCC objectives and priorities.

Completed a detailed requirement study as the basis for planning systems changes and developments.

Strategy:

Formulate, implement and monitor resource development plans directly related to current and future operational requirements of the Commission.

Performance:

Performance will be assessed by monitoring the extent to which elements of the comprehensive resource management plan are effectively implemented over the next three years as well as though the relative success in securing and retaining the appropriate personnel.

Performance Measures	Base	2004/05	2005/06	2006/07
Resource Plans Developed and implemented	initiated	in place	up-dated	up-dated
Staff Performance Plans Completed	initiated	in place	up-dated	up-dated
Staff realignment and retention	initiated	status report	status report	status report
Systems requirement study completed and changes implemented	initiated	study completed	implementation begun	implementation completed

source: *PCC Service Plan 2004/5-2006/7* page 13

Performance Report: Goal 7

The expanded mandate of the PCC has direct resource implications. A solid financial base has provided sufficient funds for the organization to retain the resources the PCC needs to move in the new direction. These expenditures have resulted in a temporary rise in certain overhead costs. The PCC has made significant steps with the appointment of a new Chief Executive Officer, and during the coming year will continue to build the organization and develop capacity to deliver on its mandate.

Significant accomplishments:

Recruitment and appointment of a Chief Executive Officer

Completion of an organizational review, resulting in a new organizational structure and alignment of personnel resources to core business areas.

A systems requirement study has been initiated

The retaining, appropriation and development of resources and capacity is vital to the ability of the PCC to fulfill its mandate. The process has just begun and will move quickly into the implementation phase early in the new fiscal year. The climate of public scrutiny will require the PCC to have a clear business case to rationalize its expenditures and reflect fiscally responsible and prudent management.

FINANCIAL REPORTING

Management Discussion and Analysis

Financial Performance

The Provincial Capital Commission posted a net loss of $28,923 for the year ending March 31, 2004. This performance can be attributed to a number of factors which have had an impact on the year-end results.

The Board of Directors of the PCC approved a new mandate in March 2003 to connect and celebrate the capital with every British Columbian. The new expanded mandate has resulted in a strategic shift towards the creation and enhancement of outreach programs as a new core line of business. In 2003-04, expenses of $37,610 were incurred for the development of outreach programs and a communications strategy.

The PCC is committed to forming strategic alliances and partnerships to advance its mandate. A comprehensive Inner Harbour Visioning Session, in partnership with the City of Victoria, First Nations and the Greater Victoria Harbour Authority, was held in November 2003 which focused on the future of the Inner Harbour. Expenditures totalling $75,879 were incurred.

In January 2004, the Board of the PCC approved a resolution to exit the management and operations of a major attraction at the Crystal Garden in order to stem years of financial losses to the PCC. The Crystal Garden attraction posted a loss of $263,944 up $89,554 from the 2002-03 loss of $183,390. Crystal Garden pre-closure costs for 2003-04 amounted to $58,879 and are in addition to the attraction's operating loss.

Amortization costs rose in 2003-04 due to the capitalization of the new CP Terminal elevator structure.

The PCC undertook a number of activities associated with its property holdings including a detailed property portfolio review, negotiation and management of leases on its properties, development and restoration of properties as well as early stage planning of its open space properties. Expenses of $39,958 were incurred for structural assessments of the PCC's heritage

buildings and a property review of its open space properties. Expenses of $27,547 were incurred for a lease arbitration with one of the PCC's tenants.

In April 2003, the PCC approved a resolution to phase out its financial support of the Greenways Partnership program as the program has matured. For the year ending March 31, 2004, $62,500, the final contribution to the program, has been internally restricted for greenways partnerships and a total of $206,207 was spent on projects approved by Order In Council in prior years.

Operating costs for St. Ann's Academy showed a decrease due to a reduction in program spending.

The following table provides a summary comparison of the PCC's financial performance compared to 2002-03 actual results and 2003-04 budget. Beautification and Greenways expenditures were paid from externally restricted net assets pursuant to prior years' Orders in Council.

	Actual 2002/03	Budget 2003/04	Actual 2003/04	Variance from Budget
Operating revenue	1,726,908	1,855,813	1,883,187	27,374
Operating expenses	1,066,613	1,471,185	1,584,723	(113,538)
Excess revenue over expenditures from general operations	660,295	384,628	298,464	(86,164)
Other operations				
Crystal Garden (loss)	(183,390)	(124,424)	(263,944)	(139,520)
Belleville Port Facility income	180,245	182,000	182,764	764
Excess revenue over expenditures from operations	657,150	442,204	217,284	(224,920)
Beautification grants	-	-	(40,000)	
Greenways grants	(196,580)	-	(206,207)	
Total (deficiency) excess of revenue over expenditures	460,570		(28,923)	

The FTE count for the Provincial Capital Commission remained the same as the previous year at 25.

Balance Sheet

The net book value of capital assets increased by $434,952 to $14,997,869 due to the addition of the elevator to the CP Terminal building and improvements to PCC owned wharves. The British Columbia Assessment Authority's value of the PCC's property portfolio is $80.2 million.

The Board established a Building Remediation Fund in 2004. Funds previously internally restricted for beautification and greenways grants in the amount of $294,487 were transferred to the Building Remediation Fund. It is the intention of the Board to build this fund from proceeds received from the sale of non-aligned real estate holdings and to use the fund for necessary remediation of its heritage buildings.

Summary

The PCC has undergone significant changes following adoption of its new expanded mandate. Although spending increased in the past year, due to several previously discussed one-time charges, the financial position of the PCC remains strong and the PCC is committed to ensuring that it remains a self-sustaining organization.

Year Ended March 31, 2004

Management's Responsibility for Financial Reporting

The financial statements of the Provincial Capital Commission have been prepared by management in accordance with Canadian generally accepted accounting principles. Any financial information contained elsewhere in this report has been reviewed to ensure consistency with the financial statements.

Management is responsible for the integrity of the financial statements and has established systems of internal control to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and financial records are properly maintained to facilitate the preparation of financial statements in a timely manner.

Grant Thornton LLP has performed an independent audit of the financial statements of the Provincial Capital Commission. The Auditors' Report outlines the scope of this independent audit and expresses an opinion on the financial statements of the Provincial Capital Commission.

Ray Parks
CEO

Deborah Eddy
Director, Financial Services

Victoria, British Columbia
April 27, 2004

Grant Thornton

Grant Thornton LLP
Chartered Accountants
Management Consultants

Auditors' Report

To the Members of the Provincial Capital Commission, and
To the Minister of Community, Aboriginal and Women's Services, Province of British Columbia

We have audited the statement of financial position of Provincial Capital Commission as at March 31, 2004 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at March 31, 2004 and the results of its operations and its cash flow for the year then ended in accordance with Canadian generally accepted accounting principles.

The comparative figures for 2003 were reported on by the Auditor General of British Columbia.

Grant Thornton LLP

Victoria, Canada
April 27, 2004

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Provincial Capital Commission
Statement of Financial Position

March 31	2004	2003
Assets		
Current		
Cash	$ 577,323	$ 1,710,082
Short term investments (Notes 3 and 6)	3,714,553	3,325,509
Receivables	112,699	72,555
Inventories	7,454	9,817
Prepaids	36,156	23,061
	4,448,185	5,141,024
Capital assets (Note 4)	14,997,869	14,562,917
	$ 19,446,054	$ 19,703,941
Liabilities		
Current		
Payables and accruals	$ 288,564	$ 426,833
Due to Province of British Columbia (Note 5)	209,126	121,129
Deferred revenue	53,919	72,383
	551,609	620,345
Deferred contributions (Note 6)	1,377,267	1,433,804
Deferred contributions related to capital assets (Note 7)	1,923,268	2,026,959
	3,852,144	4,081,108
Net assets		
Invested in capital assets	13,074,601	12,535,958
Restricted for Beautification (Note 8)	64,466	204,984
Restricted for Greenways (Note 8)	453,972	791,648
Restricted for Belleville Port Facility (Note 8)	407,501	224,737
Restricted for Building Remediation (Note 8)	294,487	-
Unrestricted	1,298,883	1,865,506
	15,593,910	15,622,833
	$ 19,446,054	$ 19,703,941

On behalf of the Commission

Chair

Member

See accompanying notes to the financial statements.

Provincial Capital Commission
Statement of Operations

Year Ended March 31	2004	2003
Revenue		
Contributions		
Provincial (Note 7)	$ 29,781	$ 29,781
Investment income	154,906	160,722
Miscellaneous	16,405	20,444
Parking lots	479,240	433,878
St. Ann's revenue	117,019	106,428
Tenant (Note 5)	1,085,836	975,655
	1,883,187	1,726,908
Expenditures		
Advertising and promotion	7,434	5,344
Advisory committee	4,344	7,786
Amortization	143,298	101,292
CEO recruitment	35,591	-
Crystal Garden closure	58,879	-
Harbour Planning project	75,879	-
Insurance	47,122	28,371
Janitorial	60,973	59,530
Lease arbitration	27,547	-
Parks maintenance and landscaping	56,729	54,526
Miscellaneous	31,859	23,670
Office	50,820	37,688
Operating costs, St. Ann's	62,736	122,911
Outreach and communications	37,610	-
Parking collection fees	35,592	32,185
Professional fees	62,779	33,341
Property review	39,958	-
Repairs and maintenance	67,960	66,650
Salaries and benefits (Note 9)	522,229	410,409
Security	7,789	7,572
Telephone	15,503	11,247
Travel	26,235.	8,447
Utilities	105,857	55,644
	1,584,723	1,066,613
Excess (deficiency) of revenue over expenditures from:		
General operations	298,464	660,295
Other operations		
Crystal Garden (Schedule 1)	(263,944)	(183,390)
Port Facility (Schedule 2)	182,764	180,245
Beautification grants (Schedule 3)	(40,000)	-
Greenways grants (Schedule 4)	(206,207)	(196,580)
Total (deficiency) excess of revenue over expenditures	$ (28,923)	$ 460,570

Provincial Capital Commission
Statement of Changes in Net Assets
Year Ended March 31, 2004

	Invested in Capital Assets	Restricted				Unrestricted	**Balance 2004**	Balance 2003
		Beautification (Schedule 3)	Greenways (Schedule 4)	Belleville Port Facility	Building Remediation			
Balance, beginning of year	$ 12,535,958	$ 204,984	$ 791,648	$ 224,737	$ -	$ 1,865,506	**$ 15,622,833**	$ 15,162,263
(Deficiency) excess of revenue over expenditures	(158,327)	(40,000)	(206,207)	-	-	375,611	**(28,923)**	460,570
Investment in capital assets	696,970	-	-	-		(696,970)	-	-
Internally imposed restrictions (Note 8)	-	-	62,500	182,764	-	(245,264)	-	-
Transfers	-	(100,518)	(193,969)	-	294,487	-	-	-
Balance, end of year	$ 13,074,601	$ 64,466	$ 453,972	$ 407,501	$ 294,487	$ 1,298,883	**$ 15,593,910**	$ 15,622,833

See accompanying notes to the financial statements.

Provincial Capital Commission
Statement of Cash Flows

Year Ended March 31	2004	2003
Increase (decrease) in cash		
Cash flow from operating activities		
Cash received from commercial activities	**$ 3,059,937**	$ 2,976,726
Cash received from contributions and donations	**130**	790
Investment income received for operating purposes	**195,195**	198,690
Miscellaneous receipts	**83,350**	75,317
Cash paid for salaries and benefits	**(1,474,674)**	(1,284,670)
Cash paid for materials and services	**(1,664,477)**	(966,322)
Cash paid for grants	**(246,207)**	(196,580)
Net cash (used) generated through operating activities	**(46,745)**	803,951
Cash flows from investing activities		
Short-term investments, net	**(389,044)**	43,555
Purchase of capital assets	**(696,970)**	(724,541)
Net cash used in investing activities	**(1,086,014)**	(680,986)
Net (decrease) increase in cash	**(1,132,759)**	122,965
Cash, beginning of year	**1,710,082**	1,587,117
Cash, end of year	**$ 577,323**	$ 1,710,082

See accompanying notes to the financial statements.

Provincial Capital Commission
Notes to the Financial Statements
March 31, 2004

1. Purpose of the Commission

The Provincial Capital Commission operates under authority of the Capital Commission Act of British Columbia. It is controlled by the provincial government of British Columbia and is exempt from federal and provincial income taxes.

The Commission was established in 1956 to enhance the amenities and environment in the Great Victoria area and to respond to requests from various levels of government to undertake special projects. The new mandate of the Provincial Capital Commission is to connect and celebrate the Capital with every British Columbian as well as preservation of its heritage assets.

2. Summary of significant accounting policies

Basis of accounting

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles for not-for-profit organizations.

Investments

Investments consist of units in Province of British Columbia Pooled Investment Portfolios. Units are carried at the lower of cost adjusted by income attributed to the units, and market value. Income attributed to the units represents the unitholder's share of interest earned by the Portfolio and may be realized upon sale of units.

Inventories

Inventories are valued at current replacement cost, which approximates cost.

Capital assets

Purchased capital assets are recorded at cost.
Contributed capital assets are recorded at fair value at the date of contribution.
The contribution of park lands and green spaces is valued at $1.

The contribution of the St. Ann's Academy, a provincially designated heritage site, is valued at $1. Capital improvements to St. Ann's Academy paid for by the Commission are recorded at cost.

Amortization is provided on a straight-line basis over the assets' estimated useful lives, which for buildings is forty years and for furniture and equipment is five years. No amortization is recognized on capital assets under development.

Grant expenditures

Grant expenditures are recorded when they are approved and all eligibility criteria have been met.

2. **Summary of significant accounting policies** (continued)

Revenue recognition

The Commission follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Other revenue related to expenditures of future periods is deferred and recognized in the period in which the related expenditures are incurred.

Employee benefit plans

The Commission and its employees contribute to the Public Service Pension Plan (the plan), a jointly trusteed pension plan. The board of trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of the plan. The pension plan is a multi-employer contributory defined benefit pension plan with over 54,000 active plan members and approximately 27,000 retired plan members.

Every three years an actuarial valuation is performed to assess the financial position of the plan and the adequacy of plan funding. The latest valuation as at March 31, 2002, indicated a $546 million surplus for funding purposes. The actuary does not attribute portions of the surplus to individual employers.

The Commission also contributes through the Provincial Government payroll system for specific health care and termination benefits as provided for under collective agreements and terms of employment.

Defined contribution plan accounting is applied to these benefit plans as the Commission has insufficient information to apply defined benefit plan accounting. As such, the cost of these employee future benefits is recognized as an expense in the year that contributions are paid.

Financial instruments

The Commission's financial instruments consist of short term investments, receivables, payables and accruals, and the amounts due to the Province of British Columbia. Unless otherwise noted, it is management's opinion that the Commission is not exposed to significant interest or foreign currency risks arising from these financial instruments. The fair value of these financial instruments approximate their carrying values, unless otherwise noted.

Use of estimates

In preparing the Commission's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the period. Actual results could differ from these estimates.

3. Short term investments

	2004	2003
Market value	$ 3,776,653	$ 3,376,706
Less: unrealized gain	62,100	51,197
Cost	$ 3,714,553	$ 3,325,509

4. Capital assets

	Cost	Accumulated Amortization	2004 Net Book Value	2003 Net Book Value
Land	$ 9,575,220	$ –	$ 9,575,220	$ 9,575,220
Buildings	7,423,472	2,886,948	4,536,524	3,573,856
Building addition under development	-	-	-	510,196
Wharves	313,126	31,313	281,814	-
Wharves under development	-	-	-	267,518
Furniture and equipment	403,845	332,228	71,617	98,546
St. Ann's Academy	619,667	86,973	532,694	537,580
Park lands and green spaces	1	–	1	1
	$ 18,235,330	$ 3,337,462	$ 14,997,869	$ 14,562,917

The 60 parcels of land that make up parklands and green spaces have an assessed value of $21,103,100 (2003: $18,991,624).

St. Ann's Academy, excluding the Chapel and Interpretative Centre, has been leased to the British Columbia Buildings Corporation for 51 years for $10 in exchange for the Corporation performing renovations to the building and property. At the completion of the lease period all improvements become the property of the Commission. St. Ann's Academy has an assessed value of $24,923,500 (land, $13,906,000; building, $11,017,500) (2003: $23,502,200).

5. Related party transactions and balances

In addition to the amount due to the Province of British Columbia, which controls the Commission, the Commission had the following transactions with the Province of British Columbia and its related entities:

- The Ministry of Finance and Corporate Relations acts as fiscal agent for the Commission and also provides payroll processing currently at no charge.
- Rent revenue of $28,738 (2003: $27,298) was received from British Columbia Buildings Corporation.
- Operating costs of $45,473 (2003: $53,683) relating to St. Ann's Academy were paid to British Columbia Buildings Corporation.

5. Related party transactions and balances (continued)

- Insurance costs of $45,604 (2003: $35,324) were paid to the Ministry of Finance Risk Management.
- Printing costs of $2,135 (2003: $1,479) were paid to the Queen's Printer.

6. Deferred contributions

Deferred contributions represent unspent contributions restricted by Transport Canada. Transport Canada provided $1.5 million in cash in the 2002 fiscal year for the continued operation of the Belleville Port Facility. The contribution may only be used for eligible expenditures to operate the port, as described in the Transport Canada Contribution Agreement dated December 4, 2001. Any unused funds must be returned to Transport Canada after ten years of operations. Cash or investments held at the end of the year subject to these restrictions are equal to $1,377,267 (2003: $1,433,804).

Changes in the deferred contributions balance are as follows:	**2004**	2003
Opening balance	**$ 1,433,804**	$ 1,479,091
Less: amount recognized as revenue	**56,537**	45,287
Ending balance	**$ 1,377,267**	$ 1,433,804

7. Deferred contributions related to capital assets

Deferred contributions related to capital assets represent contributed assets received from the Province of British Columbia and Transport Canada in prior years.

Transport Canada contributed $2 million in land, buildings and wharves to the Commission in the 2002 fiscal year. The $444,000 portion of the contribution allocated to buildings and wharves was deferred and is recognized as revenue on the same basis as amortization expense. The land contribution of $1,556,000 was accounted for as a direct increase to net assets.

Changes in the deferred contributions balance are as follows:		**2004**	2003
Opening balance		**$ 2,026,959**	$ 2,130,650
Add: contributed buildings and wharves		-	-
Less: amounts amortized to revenue			
General	**$ 29,781**		
Crystal Garden	**62,810**		
Port Facility	**11,100**	**103,691**	103,691
Ending balance		**$ 1,923,268**	$ 2,026,959

8. Restrictions on net assets

Net assets restricted for Beautification and Greenways are comprised of unexpended balances of amounts approved by Orders in Council for projects which are not yet completed or amounts restricted by the Board of Directors which have not yet been allocated to projects. Such projects are undertaken in cooperation with Capital Improvement Districts, municipalities and other groups.

The Board of Directors has internally restricted net revenue derived since December 4, 2001 from the operation of the Belleville Port Facility to be used for the operation of, and improvement to, the Belleville Port Facility. The current year restriction totals $182,764 (2003: $180,245).

In response to the new mandate of the Commission, during the year the Board of Directors removed internal restrictions from funds previously restricted for Beautification ($100,518) and Greenways ($193,969) and internally restricted the same amounts for remediation of the core real estate assets.

9. Employee benefits

The Commission has defined benefit plans providing pension, other retirement and post-employment benefits to most of its employees. The Commission contributed 22.72% (2003: 21.22%) of salaries and wages to fund the cost of pension, health care and specific termination benefits and allowances. Total benefit expense in the year was $356,227 (2003: $205,392).

10. Crystal Garden closure

During the year, the Board of Directors of the Commission passed a motion to close the Crystal Garden Conservation Centre operations by September 7, 2004. The Crystal Garden space will be vacated by October 31, 2004 and the Commission has requested proposals from potential new tenants.

Provincial Capital Commission
Schedule of Crystal Garden Operations

Schedule 1

Year Ended March 31

	2004	2003
Revenue		
Admissions	$ 886,048	$ 839,158
Ballroom and bar	133,486	138,938
Contributions, Provincial (Note 7)	62,810	62,810
Miscellaneous	67,075	55,663
Tenant (Note 5)	274,441	279,340
	1,423,860	1,375,909
Expenditures		
Advertising and promotion	64,408	53,426
Amortization	107,620	109,459
Aviary	60,148	56,686
Ballroom and bar	47,151	46,329
Butterflies	49,579	42,088
Freight	9,391	9,533
Horticultural	38,742	42,719
Insurance	30,070	23,288
Janitorial	64,145	66,559
Miscellaneous	58,552	44,038
Office	20,662	14,004
Professional fees	49	-
Repairs and maintenance	115,887	132,100
Salaries and benefits (Note 9)	892,579	794,965
Security	9,818	12,321
Telephone	17,180	11,324
Travel	2,669	2,270
Utilities	99,156	98,190
	1,687,806	1,559,299
	$ (263,944)	$ (183,390)

Provincial Capital Commission
Schedule of Port Facility Operations

Schedule 2

Year Ended March 31	2004	2003
Revenue		
Contributions, Federal		
Related to eligible expenditures (Note 6)	$ 56,537	$ 45,287
Related to capital assets (Note 7)	11,100	11,100
Investment income	40,289	37,968
Parking lots	25,955	21,513
Tenant income	116,521	120,764
	250,402	236,632
Expenditures		
Eligible expenditures (Note 6)		
Bank charges and interest	109	57
Janitorial	-	17,598
Parking collection fees	2,993	2,352
Professional fees	21,080	5,479
Repairs and maintenance	27,816	13,254
Salaries and benefits (Note 9)	438	1,293
Utilities	4,101	5,254
	56,537	45,287
Amortization	11,100	11,100
	67,637	56,387
	$ 182,764	$ 180,245

Provincial Capital Commission
Schedule of Net Assets Restricted for Beautification

Schedule 3

Year Ended March 31, 2004

Beautification Projects	Balance at Beginning of Year	Current Year Restrictions	Current Year Grant Expenditures	Balance at end of Year
Internally restricted	$ 100,518	$ -	$ -	
Transfer to building remediation fund		(100,518)		$ -
Externally restricted				
Confederation Square	8,000	-	-	**8,000**
Marine Information Centre Project	40,000	-	(40,000)	**-**
Oak Bay Avenue Planting	3,933	-	-	**3,933**
Selkirk Arbutus Walkway	40,000	-	-	**40,000**
Switch Bridge Gateway	533	-	-	**533**
Westsong Way Study	12,000	-	-	**12,000**
	104,466	-	(40,000)	**64,466**
Total restricted net assets	$ 204,984	$ (100,518)	$ (40,000)	**$ 64,466**

Provincial Capital Commission

Schedule 4

Schedule of Net Assets Restricted for Greenways

Year Ended March 31, 2004

Greenways Projects	Balance at beginning of Year	Current Year Restrictions	Current Year Grant Expenditures	Balance at end of Year
Internally restricted	$ 316,255	62,500		
Allocated to projects below		(122,286)		
Transfer to building remediation fund		(193,969)	-	$ 62,500
Externally restricted				
Banfield Park Waterfront Path	27,000	-	-	27,000
Blenkinsop Greenways Planning Project	15,000	-	-	15,000
Bowker Creek Corridor	1,749	-	(1,749)	-
Cecelia Ravine Park / Galloping Goose	202	-	-	202
Conservation Park Phase II	-	17,000	(17,000)	-
Dockside Greenways Link	1,564	-	-	1,564
Duke Road Path	25,000	-	-	25,000
Floating Boardwalk Improvement	-	9,336	(9,336)	-
Galloping Goose Phase II	3,528	-	-	3,528
Garry Oak Ecosystem Stewardship	-	8,950	(8,950)	-
Goldstream Meadows Connector	45,000	-	-	45,000
Good Neighbours Private Land Stewardship	4	-	-	4
Gorge Waterway Extension Phase IV	-	50,000	-	50,000
Gorge Waterway Park & Walkway Extension	50,000	-	(50,000)	-
Greenway Link Mt. Newton X-Road	3,238	-	-	3,238
Greenway Plan	3,168	-	-	3,168
Greenways Master Plan	11,500	-	-	11,500
Greenways Workshop	1,500	-	(1,500)	-
Hagen Creek Watershed	270	-	-	270
Lambrick Park Greenway	-	30,000	-	30,000
Lillian Hoffar Park	15,000	-	(15,000)	-
Lochside Trail (Central Saanich)	5,028	-	-	5,028
Lochside Trail Extension	11,976	-	-	11,976
Lockside Trail / Island View Road	50,000	-	-	50,000
Matson Lands/Westsong Way Signage	4,800	-	(4,800)	-
Millstream Creek Bridge	75,000	-	(75,000)	-
Oaklands Neighbourhood Green Space Project	469	-	(285)	184
Restoration of Dominion Brook Park Phase II	-	6,000	(5,985)	15
South Coast Rail Phase II	95,000	-	-	95,000
Spirit Garden Greenway	419	-	(419)	-
Switch Bridge Gateway	11,222	-	-	11,222
Tod Creek/Prospect Lake Stewardship Program	7,060	-	(6,183)	877
Tri-municipality Greenways Linkage	-	1,000	-	1,000
Weiler Avenue to Ocean Avenue Pathway	10,000	-	(10,000)	-
West Side Rail Trail	696	-	-	696
	475,393	122,286	(206,207)	391,472
Total restricted net assets	$ 791,648	$ (131,469)	$ (206,207)	$ 453,972

CORPORATE GOVERNANCE

The Board of Directors of the PCC is responsible to the shareholder and for the overall stewardship of the Commission. The shareholder provides the Board with the authority to manage the affairs of the Commission. The Board delegates the day to day management of the PCC to the Chief Executive Officer, who is assigned specific authorities.

In executing its stewardship responsibilities, the Board:

Has approved position descriptions for directors, the Board Chair and the CEO.

Functions independently of management and meets from time to time without management to discuss any matter that any director may wish to bring forward.

Is responsible for a strategic planning process, works with management in developing and approving a multi-year strategic service plan, and approves a detailed annual operating plan. The purpose of planning is to deliver the PCC's vision to the citizens of British Columbia and to ensure that all PCC activities are aligned with the mandate and the PCC's values and guiding principles.

Appoints a Finance and Audit Committee whose terms of reference include fulfilling the defined roles and responsibilities of an audit committee. The committee consists of financially literate directors.

Is responsible for understanding the principal risks associated with the PCC's business and it is the responsibility of management to ensure that the Board is kept informed of these risks on a timely basis.

Requires the CEO to provide a report with respect to the PCC's human resource requirements, capacities, succession arrangements and costs on an annual basis that are required to sustain the current and future operations of the organization.

Approves annual corporate objectives that are the responsibility of the CEO and against which his performance is assessed. The full Board participates in providing input for the annual performance review of the CEO.

Communicates with its shareholder and stakeholders through a service plan, public meetings, website, news releases and an annual report. The Board Chair and CEO are authorized to speak on behalf of the PCC.

Assesses its effectiveness through a performance review of the Board consisting of individual director questionnaires and a facilitated session to review the findings and document action plans to improve Board effectiveness.

Appoints a Governance Committee that is responsible for reviewing the PCC's governance practices and developing recommendations to the Board for continuous improvement, including Board size and composition. The committee proposes nominees to fill vacant Order-In-Council positions based on predetermined competencies that are required to improve Board effectiveness.

Provides an orientation and education program for new directors.

Board members represent the interests and views of various regions across the province. The ***Capital Commission Act*** provides for eight members to be appointed by the province through Order-In-Council (OIC) and a total of six members to be appointed by four municipalities located in the Capital Improvement District. The Board sets direction, approves policy and plans, provides oversight, and ensures accountability for the public's interest.

The Honourable Murray Coell, Minister of Community, Aboriginal and Women's Services is the Minister responsible.

Board Membership as of March 31,2004

Name	Position	From	Appointed
Bill Wellburn	Chair	Victoria	Order in Council
Beth Campbell	Acting Vice Chair	Penticton	Order in Council
Barbara Brink	Director	Vancouver	Order in Council
Jane Durante	Director	Vancouver	Order in Council
Christopher Fairbank	Director	Nelson	Order in Council
Rob Fleming	Director	Victoria	Victoria Council
Rob Hunter	Director	Victoria	Order in Council

Name	Position	From	Appointed
Russell Irvine	Director	Oak Bay	Oak Bay Council
Gordon Leighton[1]	Director	Prince George	Order in Council
Pamela Madoff	Director	Victoria	Victoria Council
Jackie Ngai	Director	Saanich	Saanich Council
Bill Oppen[2]	Director	Dawson Creek	Order in Council
Darwin Robinson	Director	Esquimalt	Esquimalt Council
Leif Wergeland[2]	Director	Saanich	Saanich Council
Christa Williams[1]	Director	North Vancouver	Order in Council

[1] left during the year
[2] appointed during the year

Senior Management Team as of March 31, 2004

Ray Parks	Chief Executive Officer
Brian Rowbottom	Director Projects and Programs
Deborah Eddy	Director Financial Services, Property and Planning, OIC Secretary to the Board

Standing Committees of the Board

Executive	Finance & Audit	Governance
Bill Wellburn, Chair	Rob Hunter, Chair	Beth Campbell, Chair
Barbara Brink	Rob Fleming	Russell Irvine
Beth Campbell	Russell Irvine	Jackie Ngai
Rob Hunter	Leif Wergeland[2]	Bill Wellburn[3]
Gordon Leighton[1]	Christa Williams[1]	
	Bill Wellburn[3]	

[1] left during the year
[2] appointed during the year
[3] *ex officio*

Summary of Board and Committee Meetings Held During the Year

Board	11
Executive	10
Finance & Audit	9
Governance	6
Total number of meetings	36

Summary of Board of Directors' Attendance at Board and Committee Meetings

Director	Board Meetings	Committee Meetings
Bill Wellburn, Chair	10 of 11	22 of 25
Beth Campbell, Acting Vice Chair	10 of 11	12 of 16
Barbara Brink	8 of 11	7 of 9
Jane Durante	8 of 11	n.a.
Christopher Fairbank	10 of 11	n.a.
Rob Fleming	2 of 11	4 of 9
Rob Hunter	11 of 11	19 of 19
Russell Irvine	10 of 11	15 of 15
Gordon Leighton[1]	1 of 2	1 of 2
Pam Madoff	11 of 11	n.a.
Jackie Ngai	6 of 11	5 of 6
Bill Oppen[2]	0 of 1	n.a.
Darwin Robinson	8 of 11	n.a.
Leif Wergeland[2]	7 of 9	4 of 9
Christa Williams[1]	4 of 9	4 of 8

[1] left during the year
[2] appointed during the year

PROVINCIAL CAPITAL COMMISSION
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